

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7326

BILL NUMBER: HB 1003

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: School Scholarships.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: *Unreimbursed Education Expenditures* - This bill increases the amount, from \$1,000 to \$3,000, that a taxpayer may deduct for certain unreimbursed education expenditures. It provides that a taxpayer may carry forward a school Scholarship Income Tax Credit for a taxable year that begins after December 31, 2012.

Preschool - The bill establishes a Preschool Education Scholarship and Tax Credit Program. It provides a 50% state income tax credit to a taxpayer that makes a contribution to a preschool scholarship granting organization for use by the organization in an eligible preschool education scholarship program for eligible preschool students. The bill also provides that the program is administered by the Division of Family Resources (Division). It requires the Division to determine whether a preschool scholarship program meets the standards for certification and to enter into an agreement with a preschool scholarship granting organization that offers a certified program.

Choice Scholarship - Provides that a student may be eligible for a choice scholarship if the student:

1. Was enrolled in grade 1 through grade 12 in a public school within or outside Indiana before the first semester for which the individual receives a choice scholarship;
2. Is in foster care;
3. Is a child with a disability who requires special education;
4. Is a sibling of an individual who previously received a choice scholarship or a scholarship from a scholarship granting organization;
5. Has a parent who has received an honorable discharge from the armed forces of the United States or national guard or is currently serving in the armed forces of the United States or national guard; or

6. Is an individual who is enrolled in an eligible school at the time the individual first meets income requirements.

The bill also provides that an eligible choice scholarship student who is initially required to meet an income requirement of being a member of a household with an income that does not exceed 150% of the amount required to qualify for the free and reduced lunch program continues to qualify for the choice scholarship as long as the individual is a member of a household with an income that does not exceed 300% of the amount required to qualify for the free and reduced lunch program.

It provides that an individual who:

1. Is in foster care;
 2. Attended a public school the previous year and is a member of a household with an annual income not exceeding the amount necessary to qualify for the free or reduced lunch program;
 3. Attended an eligible school at the time the individual first met the income requirements and is a member of a household with an annual income not exceeding the amount necessary to qualify for the free or reduced lunch program;
 4. Is a child with a disability who requires special education;
 5. Is a sibling of an individual who previously received a choice scholarship or a scholarship from a scholarship granting organization; or
 6. Has a parent who has received an honorable discharge from the armed forces of the United States or national guard or is currently serving in the armed forces of the United States or national guard;
- may receive up to 90% of the amount that the state tuition support that the public school in the student's legal settlement would receive for the student if the student attended the public school.

The bill provides that an eligible student who is subject to certain income requirements may receive up to 50% of the amount of state tuition support a public school would receive for the student if the student attended the public school and the student's household has an annual income of not more than 300% of the amount required to qualify for the free or reduced lunch program.

The bill increases the choice scholarship cap for students enrolled in grades 1 through 8.

The bill removes a provision that allows the department to make only a partial choice scholarship grant.

Scholarship Granting Organizations - The bill removes a requirement, for purposes of receiving a scholarship from a scholarship granting organization, that the individual either: (1) is entering kindergarten or attended a public school the previous year; or (2) received a scholarship in a previous year from a scholarship granting organization.

The bill provides that a taxpayer making a contribution to a scholarship granting organization may designate a participating school for which the taxpayer's contribution must be used as scholarships.

The bill requires a scholarship granting organization to use not more than 10% of total contributions received for administrative expenses.

The bill make conforming amendments. It makes technical amendment.

Effective Date: January 1, 2013 (ret

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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